

REPAYMENT AGREEMENT

This agreement is made and entered into by and between the Montana Department of Corrections, Youth Services Division, PO Box 201301, Helena, Montana, 59620-1301 (hereinafter referred to as "DEPARTMENT") and Youth Homes, Inc., PO Box 7616, 550 N California Street, Missoula, Montana, 59807 (hereinafter referred to as YHI), under the following circumstances:

WHEREAS, DEPARTMENT is a state agency that has the responsibility to administer juvenile placement funds; and

WHEREAS, designated youth are placed into licensed youth group home facilities operated by YHI and received compensation from DEPARTMENT at a rate established by contract; and

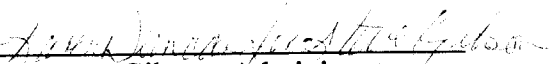
WHEREAS, as a result of an auditor's opinion performed by the Department of Public Health and Human Services, Quality Assurance Division, it was determined that DEPARTMENT overpaid YHI a total amount of **\$38,507.54** during the period from 1996 through December, 2005; and

WHEREAS, it is mutually desirable that YHI repay this debt to DEPARTMENT while maintaining financial solvency, the parties agree to the following terms and conditions:

- A. Payments will be made to DEPARTMENT based on the repayment schedule defined herein.
- B. Commencing on April 15, 2007, YHI will make 12 (twelve) monthly payments [to DEPARTMENT] in the amount of **\$800.00** (eight hundred and 00/100). Beginning April 15, 2008, YHI will make 23 (twenty-three) monthly payments [to DEPARTMENT] in the amount of \$1,204.50 (one thousand two hundred four and 50/100), concluding with a final payment of **\$1, 204.04** (one thousand two hundred four and 04/100) on March 15, 2010.
- C. No interest will be charged on the debt pursuant to DEPARTMENT Repayment Schedules Policy because YHI meets the criteria laid out in the policy as to when interest on a debt may be waived by DEPARTMENT.
- D. Trish Stroman, (406)444-9738, will be liaison for DEPARTMENT and Geoffrey Birnbaum, (406) 721-2704, will be liaison for YHI. Any notice under this agreement must be in writing and submitted to the parties hereto.
- E. This repayment agreement contains the entire agreement between the parties regarding repayment of the debt owed to DEPARTMENT by YHI. No statements, promises or inducements made by the parties or agents of the parties that are not contained in this agreement shall be valid or binding. This agreement may not be enlarged, modified or altered except by written amendment.
- F. This repayment agreement is separate and exclusive from any other agreement or contract between DEPARTMENT and YHI.
- G. The signatories to this agreement represent and certify that they have full legal and policy authority to sign this agreement on behalf of the party they represent.

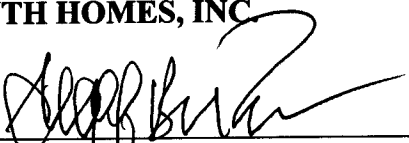
IN WITNESS WHEREOF, this repayment agreement is made and entered into this 2nd day of April, 2007.

MONTANA DEPARTMENT OF CORRECTIONS

By: 
Steve Gibson, Administrator

March 30, 2007
Date

YOUTH HOMES, INC

By: 
Geoff Birnbaum, Executive Director

April 3, 2007
Date